

PUBLIC DISCLOSURE

NOVEMBER 17, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ENERGY CREDIT UNION

**52 SECOND AVENUE
WALTHAM, MASSACHUSETTS 02451**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its membership.

This document is an evaluation of the CRA performance of **ENERGY CREDIT UNION (or the "Credit Union")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Based on the Small Institution CRA evaluation procedures specified for institutions with assets under \$265 million, Energy Credit Union's overall CRA performance is considered Satisfactory. The rating of this institution is established upon a review of the Performance Criteria, as shown below in this public evaluation.

A summary of the Credit Union's performance is provided below.

The Credit Union's net loan-to-share ratio for the previous eight quarters was 73.8 percent; this ratio is reasonable given the Credit Union's size, financial condition, and the credit needs of its assessment area.

Lending activity within the Credit Union's assessment area is satisfactory as 51.1 percent of its HMDA reportable originations were within its assessment area.

The Credit Union demonstrates a good level of lending to members of different income levels.

The geographic distribution of the Credit Union's HMDA reportable loans reflects a reasonable dispersion throughout the assessment area.

Fair lending policies and practices are considered satisfactory. No weight was given to complaints, as none have been received by the Credit Union since the prior examination.

PERFORMANCE CONTEXT

Description of Institution

Energy Credit Union is a community/industrial credit union chartered by the Commonwealth of Massachusetts in 1931, and is headquartered in Waltham, Massachusetts. Membership in The Credit Union is open to those who live or work in certain communities and to employees and retirees of KeySpan Energy New England. The Credit Union operates on the SUM network for automated teller machines (ATMs).

In addition to the Waltham branch office at 52 Second Avenue, Energy Credit Union has a branch at 2029 Centre Street, West Roxbury, Massachusetts. The West Roxbury branch opened in April 2006. The Credit Union's main office is located in a middle-income census tract, while the branch office is located in an upper-income census tract. The Credit Union is a full-service financial institution that offers a wide variety of products and services. Retail customers can choose from an array of deposit product offerings including checking, savings, and retirement accounts. The Credit Union also offers an assortment of consumer credit services that include secured and unsecured products such as home equity lines of credit, home improvement loans, and personal loans. The hours of operation at the main office are Monday through Thursday 7:00 am to 4:00 pm; and Friday 7:00 am to 3:00 pm. The Credit Union's branch hours of operation are Monday through Wednesday 9:00 am to 4:00 pm; Thursday 9:00 am to 6:00 pm; Friday 9:00 am to 5:00 pm; and Saturday 9:00 am to 12:00 pm.

The following chart illustrates the composition of the loan portfolio:

LOAN PORTFOLIO COMPOSITION		
LOAN TYPE	\$ AMOUNT (000's)	%
First Mortgages	33,971	62.5
Other Real Estate Loans/Lines of Credit	6,226	11.5
New Vehicle Loans	5,924	10.9
Unsecured Loans/Lines of Credit	5,211	9.6
Used Vehicle Loans	2,933	5.4
Total All Other Loans/Lines of Credit	79	0.1
TOTALS	54,344	100%

September 30, 2008 NCUA Call Report of Condition

The Credit Union has total assets of \$80.5 million, as of September 30, 2008. Assets increased \$8 million, or approximately 11.0 percent, since March 31, 2004. As of September 30, 2008, net loans totaled \$54.3 million, representing 67.4 percent of total assets. Net loans have increased \$10.7 million, or 24.5 percent, since March 31, 2004.

At this time, there appear to be no significant financial or legal impediments that would limit the Credit Union's ability to help meet the credit needs of its membership.

The Credit Union was last examined for compliance with CRA on April 27, 2004. That examination resulted in a Satisfactory rating.

Description of Assessment Area

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (“MSA”s) for statistical reporting purposes by federal agencies. The Credit Union’s assessment area contains two counties, eleven additional cities and towns, and employees and retirees of KeySpan Energy of New England and their family members.

- *Counties* – Energy Credit Union’s assessment area consists of communities in the Norfolk and Suffolk Counties.
- *Cities/Towns*: Energy Credit Union’s assessment area also consists of the following cities and towns: Bedford, Belmont, Billerica, Burlington, Lexington, Lincoln, Newton, Waltham, Watertown, Weston, and Woburn.
- *Membership* – Energy Credit Union is also open to those employees and retirees of KeySpan Energy New England as well as family members of eligible individuals.

The assessment area contains 371 census tracts. Of those tracts, 37 or 10.0 percent are low-income, 86 or 23.2 percent are moderate-income, 140 or 37.7 percent are middle-income, and 107 or 28.8 percent are upper-income. Additionally, 1 tract, or 0.3 percent, is not assigned an income level.

According to 2000 US Census data, the assessment area contains 688,325 housing units, of which 357,560, or 52.0 percent, are owner occupied and 307,195, or 44.6 percent, are occupied rental units. Forty-four (44.0) percent of the area’s housing units are located within the middle-income census tracts.

Based on 2000 Census data, the assessment area has a total population of 1,701,940 individuals, of which 664,975 are households. Of the total households, 398,421 are families and of these families, 6.5 percent are low-income; 20.0 percent are moderate-income; 39.9 percent are middle-income; and 33.6 percent are upper-income families.

Selected Housing Statistics by Income Category of the Geography*						
<i>Census Tract</i>	<i>Total Housing Units</i>	<i>Total Households</i>	<i>Rental Units %</i>	<i>Owner Occupied %</i>	<i>Vacant Units %</i>	<i>Median Housing Value</i>
Low	46,810	44,011	78.0	15.6	6.4	\$194,870
Moderate	155,048	148,979	65.7	30.4	3.9	\$189,860
Middle	274,158	266,498	39.8	57.4	2.8	\$216,177
Upper	212,309	205,487	28.1	68.8	3.2	\$369,684
Total	688,325	664,975	100.0	100.0	100.0	\$256,148

*Source: PCI Corporation Inc., CRA Wiz, Data Source: 2000 US Census

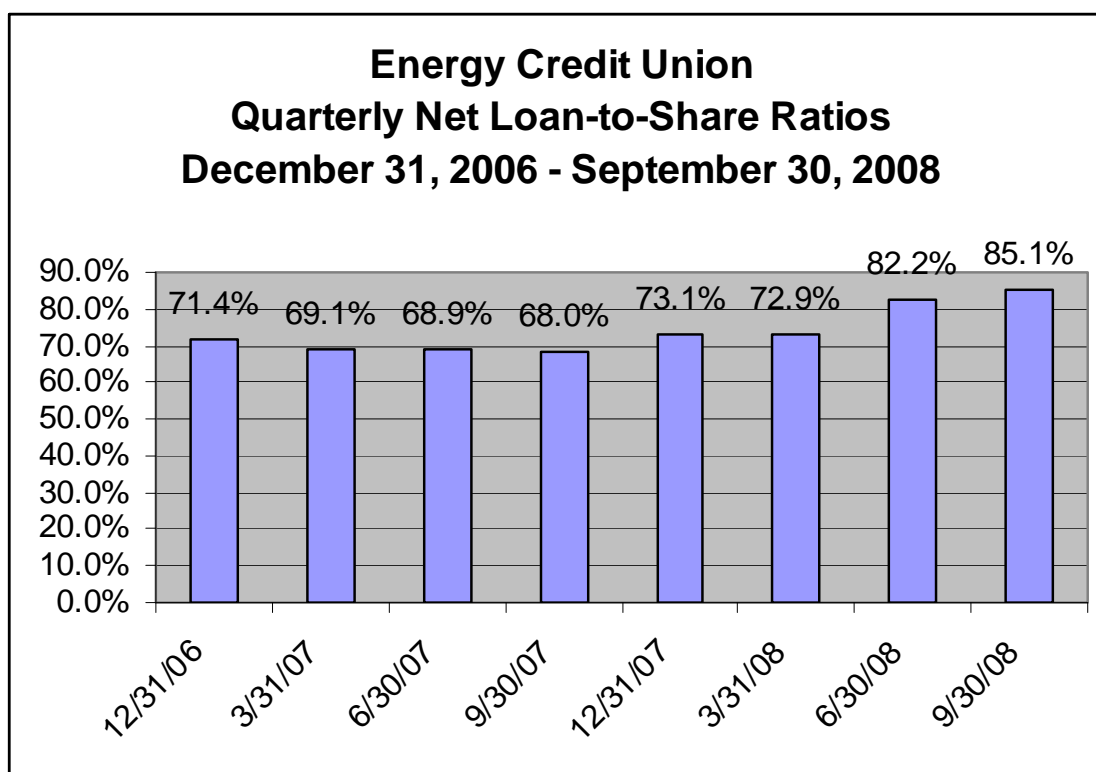
PERFORMANCE CRITERIA

An examination was conducted using small financial institution procedures, as defined by the CRA.

1. LOAN TO SHARES ANALYSIS

A comparative analysis of the Energy Credit Union's quarterly net loan-to-share ratios for the period of December 31, 2006 through September 30, 2008, was conducted during this examination. Using the Credit Union's last eight quarterly 5300 Call Reports, the average net loan-to-share ratio for this period was 73.8 percent. This ratio is based on loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total shares.

As shown in the graph below, the Credit Union's loan-to-share ratio has fluctuated with a high of 85.1 percent in September 2008 and a low of 68.0 percent in September 2007. Net loans have increased 18.2 percent and shares have decreased by 0.8 percent during this time period.



Based on the foregoing information, the Credit Union's asset size and resources, and the credit needs of its members, the Credit Union's net loan-to-share ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion measures the percentage of the Credit Union's lending that benefits the assessment area's residents and evaluates the adequacy of such lending.

Energy Credit Union's 2006 and 2007 Loan Application Registers ("LAR"s) were reviewed to determine the amount of credit extended within the Credit Union's assessment area. During this period, the Credit Union originated 88 loans reportable under the Home Mortgage Disclosure Act ("HMDA") totaling approximately \$10 million. Of these loans, 46, or 52.3 percent, were originated inside the Credit Union's assessment area totaling \$4.8 million, or 49.8 percent.

Refer to the following table for additional information regarding the Credit Union's HMDA reportable lending, by both number and dollar volume.

<i>Distribution of HMDA Loans Inside and Outside of the Assessment Area</i>										
Year	Number of Loans					Dollars in Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2006	31	53.4	27	46.6	58	2,770	46.6	3,179	53.4	5,949
2007	15	50.0	15	50.0	30	2,049	55.1	1,672	44.9	3,721
Total	46	52.3	42	46.7	88	4,819	49.8	4,851	50.2	9,670

Source: PCI Corporation CRA Wiz, Data Source 2000 U.S. Census

As indicated in the table above, a slight majority of the Credit Union's loans originated during the examination period were inside the Credit Union's assessment area. Based on the above information, the Credit Union's lending inside its assessment area meets the standards for satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The Credit Union's HMDA reportable loans were further analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Boston MSA and the Cambridge Newton Framingham MSA. The income figures are based on 2000 U.S. Census data information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS (CONTINUED)

The following table shows, by number, HMDA reportable loans to low, moderate, middle and upper-income borrowers in comparison to the aggregate and the percentage of total families within the assessment area in each respective income group.

<i>Distribution of HMDA Loans by Borrower Income</i>								
<i>Median Family Income Level</i>	<i>% Families</i>	<i>Aggregate Lending Data (% of #)</i>	<i>Credit Union 2006</i>		<i>Credit Union 2007</i>		<i>Credit Union Total</i>	
		<i>2007</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>
Low	6.5	2.7	3	9.6	0	0.0	3	6.5
Moderate	20.0	12.6	4	12.9	3	20.0	7	15.2
Middle	39.9	22.4	6	19.4	3	20.0	9	19.6
Upper	33.6	44.9	18	58.1	9	60.0	27	58.7
N/A	0.0	17.4	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	31	100.0	15	100.0	46	100.0

Source: CRA Wiz, Data Source 2000 U.S. Census

During the period reviewed, Energy Credit Union extended 3 HMDA-reportable loans in the assessment area to low-income borrowers, representing 6.5 percent of total originations, and 7 loans to moderate-income borrowers representing, 15.2 percent. The Credit Union's percentage of lending to moderate-income borrowers exceeded the aggregate's lending in 2007. The Credit Union originated 20.0 percent of its loans to moderate-income borrowers, while the aggregate originated 12.6 percent. The Credit Union originated a lower percentage of loans to low-income borrowers in 2007 than the aggregate. The Credit Union did not originate any loans to low-income borrowers in 2007, while the aggregate originated 2.7 percent. Based upon the Credit Union's performance in lending to borrowers of different incomes, the Credit Union meets the standards for satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The Credit Union's lending activity within its assessment area was reviewed in order to determine the distribution of lending among the various census tracts. As mentioned previously, the Credit Union's assessment area contains 371 census tracts, of which 37 are low-income, 86 are moderate-income, 140 are middle-income and 107 are upper-income.

The following table presents the Credit Union's HMDA reportable lending performance as well as the 2006 aggregate data (exclusive of Energy Credit Union). In addition, the table also reflects the percentage of owner-occupied housing units in each of the census tract income categories.

GEOGRAPHIC DISTRIBUTION OF LOANS (CONTINUED)

<i>Distribution of HMDA Loans by Income Category of the Census Tract</i>								
Census Tract Income Level	% Total Owner-Occupied Housing Units	Aggregate Lending Data (% of #)	Credit Union 2006		Credit Union 2007		Credit Union Total	
		2007	#	%	#	%	#	%
Low	2.0	4.0	1	3.2	0	0.0	1	2.2
Moderate	13.2	18.5	2	6.5	3	20.0	5	10.9
Middle	44.0	43.0	16	51.6	8	53.3	24	52.2
Upper	40.8	34.5	12	38.7	4	26.7	16	34.8
Total	100.0	100.0	31	100.0	15	100.0	36	100.0

Source: PCI Corporation CRA Wiz, 2000 U.S. Census

During the period reviewed, Energy Credit Union extended one HMDA reportable loan in the assessment area to low-income census tracts, representing 2.2 percent of total originations, and 5 loans to moderate-income census tracts, representing 10.9 percent. The Credit Union originated 20 percent of its loans to moderate-income census tracts, while the aggregate originated 18.5 percent in 2007.

Based on the above information, the Credit Union's distribution of HMDA reportable loans by census tract income level meets the standards for satisfactory performance.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS AND REGULATIONS

A review was conducted for compliance with fair lending regulations, and no evidence of disparate treatment or impact was revealed.

A review of the Division's records, as well as the Credit Union's Public CRA File did not reveal any complaints relating to the Credit Union's CRA performance since the prior evaluation.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act ("CRA") Guidelines for Disclosure of Written Evaluations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 52 Second Avenue, Waltham, MA 02451."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.